



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

John Karoly, Jr., Esq.  
Karoly Law Offices, P.C.  
1555 N. 18th Street  
Allentown, Pennsylvania 18104

JUN 27 2005

RE: MUR 5504  
Heather Kovacs

Dear Mr. Karoly:

On August 10, 2004, the Federal Election Commission notified your client, Heather Kovacs, of a complaint alleging violations of certain sections of the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint was forwarded to your client at that time.

Upon further review of the allegations contained in the complaint, and information provided by your client, the Commission, on June 21, 2005, found that there is reason to believe your client violated 2 U.S.C. § 441f, a provision of the Act. The Factual and Legal Analysis, which formed a basis for the Commission's finding, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

If you are interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

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This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public.

If you have any questions, please contact Delbert K. Rigsby, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott E. Thomas", with a long, sweeping horizontal line extending to the right.

Scott E. Thomas  
Chairman

Enclosure  
Factual and Legal Analysis

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**FEDERAL ELECTION COMMISSION**  
**FACTUAL AND LEGAL ANALYSIS**

**Respondent: Heather Kovacs**

**MUR: 5504**

**I. INTRODUCTION**

The complaint in this matter alleged that Heather Kovacs was reimbursed for her contribution to Gephardt for President ("Gephardt Committee"). For the reasons set forth below, the Commission finds reason to believe that Heather Kovacs knowingly permitted her name to be used to effect a contribution from Karoly Law Offices, P.C. ("Karoly Law Offices") in violation of 2 U.S.C. § 441f.

**II. FACTUAL AND LEGAL ANALYSIS**

**A. Factual Background**

According to complainant, a former employee of Karoly Law Offices, the Gephardt Committee faxed a notice to John Karoly, Jr. in September 2003 regarding his pledge to raise an additional \$15,000 for the Gephardt Committee. Complainant alleges that it was his understanding that, on a day when the complainant was not in the office, John Karoly, Jr., the managing partner of Karoly Law Offices, "instructed" certain employees, including his secretary, Heather Kovacs, to contribute to the Gephardt Committee, and that Heather Kovacs was reimbursed for her contribution. Without saying how, complainant states "I am fully aware that the money was reimbursed from company funds . . . by the Secretary, Jayann Brantley, who was instructed by Mr. Karoly to reimburse the campaign money." Further, complainant alleges that John Karoly, Jr.'s two sons collected checks from the employees and from outside sources. Complainant states he witnessed the employees' reimbursement, and saw two checks from

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employees written to the Gephardt Committee, including one from Heather Kovacs, Mr. Karoly's secretary. FEC disclosure records indicate that Gephardt for President received a \$2,000 contribution from Heather Kovacs on September 30, 2003. An "Addendum" attached as the last page of the complaint states: "This is to confirm that on June 25, 2004 at approximately 10:00 p.m., I had a conversation with Heather Kovacs during which she confirmed to me that she was in fact reimbursed for the money which is referred to in this complaint."<sup>1</sup>

In response to the complaint, Ms. Kovacs' counsel, John Karoly, Jr., submitted an affidavit from Heather Kovacs stating "My contribution to the Richard Gephardt campaign was not based upon any reimbursement and I received no reimbursement for same." Heather Kovacs' affidavit was not notarized, and did not address the alleged conversation referenced in the Addendum.<sup>2</sup>

#### B. Analysis

The Act prohibits persons from knowingly permitting their names to be used to effect contributions made in the name of another person. *See* 2 U.S.C. § 441f. The complainant states in an Addendum to the complaint that Heather Kovacs confirmed to him during a conversation on June 25, 2004 that she had been reimbursed for her contribution to the Gephardt Committee.

Heather Kovacs submitted a one-sentence affidavit (that was not notarized) denying her contribution had been reimbursed; the affidavit contains no details concerning the circumstances under which her contribution was made or transmitted. The FEC disclosure records show that

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<sup>1</sup> The complaint was filed with the Commission on August 3, 2004. According to the complainant's handwritten notation on the first page of the complaint, it appears that the complaint was dated November 17, 2003 and updated on June 25, 2004. It appears that page 7 of the complaint, which is entitled "Addendum," was the updated material.

<sup>2</sup> In his response, Mr. Karoly asks for a ten-day extension in which to respond to the complaint. The extension was granted, but no supplement to the original response was forthcoming. A voicemail and letter to Mr. Karoly asking if he had, or intended to file additional materials, received no response. In addition, because the "Addendum" was the last page of the complaint, following several attachments, and therefore easy to miss, we specifically called his attention to this page in our letter.

Heather Kovacs had not made a contribution to a federal candidate before her September 2003 contribution to the Gephardt Committee. While it might be said that the affidavit addresses the central allegation that the contribution was reimbursed, its terseness also leaves room for other possibilities, such as that the funds were advanced, rather than reimbursed. Moreover, despite the specific allegation that Heather Kovacs personally confirmed to complainant during a conversation on June 25, 2004 that her contribution had been reimbursed, Ms. Kovacs' affidavit does not address this alleged conversation. It would appear that the complainant's very specific allegation about his conversation with Ms. Kovacs, wherein she supposedly admitted reimbursement, and her statement denying reimbursement cannot both be correct. Thus, there is a basis for investigating whether her contribution was reimbursed.

Therefore, there is reason to believe that Heather Kovacs violated 2 U.S.C. § 441f.

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